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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/17/08

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's weekend schedule (Nikkei)
- 4) Kyodo poll shows Fukuda Cabinet non support rate rises 6 points to above 50 PERCENT , with support rate down to 33.4 PERCENT (Tokyo Shimbun)
- 5) Liberal Democratic Party's child-porno bill will level stiff penalties on those who possess such material (Tokyo Shimbun)
- 6) North Korea suspected of jamming electronic transmissions at Narita Airport, hindering air traffic control and apparently timed to the G-20 meeting (Sankei)

Global warming:

- 7) U.S. works on Japan to arrange a summit of major carbon dioxide emitters around G-8 Toyako Summit (Yomiuri)
- 8) G-20 agrees to continue discussion of Japan's proposed plan for reducing greenhouse gases (Yomiuri)

Diet in turmoil:

- 9) Diet resumes today with a fierce confrontation between the Democratic Party of Japan and the Liberal Democratic Party (Yomiuri)
- 10) Muto is out as a prospective BOJ governor candidate (Asahi)

- 11) Names of Yamaguchi, Shirakawa may be included in resubmitted candidates for Bank of Japan governor and deputies (Sankei)
- 12) Another Diet member league, this one centered on the DPJ, being formed (Yomiuri)

Defense and security affairs:

- 13) Defense Ministry to start environmental assessment of Futenma relocation site (Yomiuri)
- 14) GSDF starts drill today at U.S. forces' Camp Hansen in Okinawa (Nikkei)
- 15) Okinawa police ask U.S. forces for cooperation in investigation of the robbing of a taxi driver outside Kadena Air Base by three possible GI's (Mainichi)
- 16) More problems found in developing the new SDF transport aircraft (Tokyo Shimbun)
- 17) After three years hiatus, LDP, DPJ and New Komeito lawmakers resume study group on security affairs (Yomiuri)

Articles:

1) TOP HEADLINES

Asahi:

Nomination of Muto for BOJ governorship seen unlikely; Government to submit new plan today

Mainichi, Tokyo Shimbun:

Tibetan riots spread to Sichuan Province, 80 dead in Lhasa

Yomiuri:

2.3 billion yen spent in five years for taxi tickets from road improvement special account

TOKYO 00000697 002 OF 011

Nikkei:

23 PERCENT of major company chiefs see domestic economy deteriorating

Sankei:

Tibetan riots spread to three provinces; The Dalai Lama: "It is a cultural massacre"

Akahata:

Sympathy budget covers even entertainment, bars, and golf course labor costs, out of consideration to U.S. troops

2) EDITORIALS

Asahi:

(1) Proposals to make Japan into society of hope (21): Make agriculture a "growing industry"

Mainichi:

(1) Five years of Iraq war make world more uncertain; Key lies in U.S. troops' early withdrawal

Yomiuri:

(1) Fifth anniversary of start of Iraq war: Declining U.S. power concerning

Nikkei:

- (1) G-20 meeting produces few positive results; Revamp strategy for Lake Toya Summit
- (2) U.S.-North Korea talks produce no achievement again

Sankei:

- (1) China's return of books published in Japan makes it unfit to host Olympics
- (2) Case of Yokohama City University Medical Department head receiving money for PhD might constitute bribery

Tokyo Shimbun:

- (1) Tibet riots: Don't close door to talks with Dalai Lama
- (2) Make efforts to reduce tolls for expressways in capital

Akahata:

(1) Plan to form SDF intelligence and security unit: We cannot allow strengthened monitoring of public moves

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 14

NIKKEI (Page 2) (Full)
March 15, 2008

07:04

Met with Deputy Chief Cabinet Secretary Iwaki at the Kantei. Then attended a meeting of cabinet ministers related to the pension contribution record issue.

08:31

Cabinet meeting in the Diet. Finance Minister Nukaga remained.

09:00

Upper House Budget Committee meeting.

TOKYO 00000697 003 OF 011

11:58

Arrived at the Kantei.

13:00

Upper House Budget Committee meeting.

18:10

Met with former British Prime Minister Blair.

19:00

Met with New Komeito head Ota and Secretary General Kitagawa, joined by Chief Cabinet Secretary Machimura. Machimura remained.

Prime Minister's schedule, March 15

NIKKEI (Page 2) (Full)
March 16, 2008

Spent the day at the official residence

Prime Minister's schedule, March 16

NIKKEI (Page 2) (Full)
March 17, 2008

Spent the morning at the official residence.

13:52

Enjoyed opera "Aida" at New National Theater in Shibuya with his wife Kiyoko.

18:30

Arrived at the official residence.

4) Poll: Cabinet disapproval rate tops 50 PERCENT ; 60 PERCENT calls for avoidance of vacancy in BOJ governorship

TOKYO SHIMBUN (Page 1) (Full)
March 17, 2008

Kyodo News Service conducted a nationwide telephone-based survey on March 15-16 in which the approval rate for the cabinet of Prime Minister Yasuo Fukuda dropped 2.2 points from the previous February survey to 33.4 PERCENT , the lowest ever (in the Kyodo poll series) since the establishment of the Fukuda administration. The disapproval rate increased 6.1 points to 50.6 PERCENT , exceeding the 50 PERCENT line for the first time (in the Kyodo poll). With the falling support rate now clearly unstoppable, Prime Minister Fukuda seems likely to find steering his administration even more difficult.

Asked about the provisional gasoline tax rate that expires at the end of March, 61.0 PERCENT of respondents said the rate should not

be extended after its expiration, up 3.9 points from the previous survey. Only 29.3 PERCENT said it should be extended, down 2.3 points.

About the government's proposal to promote Bank of Japan Deputy Governor Toshiro Muto, a former vice-finance minister, to the bank's top post, views were split, with 40 PERCENT finding him "appropriate" and another 40 PERCENT seeing him as "inappropriate."

TOKYO 00000697 004 OF 011

However, 61.5 PERCENT responded that a vacancy in the post must be avoided.

In addition, 73.4 PERCENT gave negative assessments to the government's response to the recent Aegis destroyer collision accident. Only 5.9 PERCENT said that Defense Minister Shigeru Ishiba should immediately resign from the post to take responsibility, while 57.8 PERCENT, a majority, indicated that he should step down after settling post-accident matters and drawing up preventive measures.

5) LDP intends to amend child pornography law to criminalize individual possession

TOKYO SHIMBUN (Page 3) (Full)
March 15, 2008

The Liberal Democratic Party decided on March 14 to amend the Law for Punishing Acts Related to Child Prostitution and Child Pornography to criminalize even the simple possession of child pornography and images. The aim is to prevent the proliferation of child pornography, a serious violation of the human rights of children. The LDP aims at submitting a bill to the Diet for its enactment in the current session after talks with New Komeito upon working out specifics of the legislation.

Although the production and sale of child pornography are punishable under the law, the possession of child porn by individuals not for sale is not criminalized. As a result, there seems to be no end to child pornography on the Internet originating from Japan despite international criticism. U.S. Ambassador to Japan J. Thomas Schieffer met Justice Minister Kunio Hatoyama on March 11 and asked the Japanese government to criminalize the simple possession of child pornography.

The LDP subcommittee on reviewing the child pornography law that met on March 14 confirmed the policy course to criminalize even storing electronic image data on personal computers, in addition to photographs. At the same time, some pointed out that anyone leaving spam emails containing such images on his computer could also be punished.

6) North Korea interfering with electronic wave transmissions at Narita Airport, jamming of air control system, possibly related to the meeting of the G-20?

SANKEI (Page 31) (Excerpts)
March 17, 2008

It was learned from an investigation by the Ministry of Internal Affairs and Communications that wave transmissions of the air traffic control system used at Narita International Airport on the evening of March 15 were jammed for nearly four hours by jamming signals on the same frequencies transmitted from North Korea. There was no interference in such airport functions as aircraft takeoffs. Although the ministry could not calculate the intentions of the North in so doing, since the G-20 was then meeting at the cabinet level to discuss the global environment, it is possible that the transmissions were aimed at the G-20 meeting. In the event of strong electronic transmissions, there is the possibility of creating turmoil in air traffic control. Because there are a number of cabinet-level meetings in Japan leading up to the G-8 summit in July, the ministry

TOKYO 00000697 005 OF 011

plans to beef up its surveillance system toward jamming signals from the North.

7) U.S. works on Japan to arrange a summit of major carbon dioxide emitters around G-8 Toyako Summit

YOMIURI (Page 2) (Full)
March 16, 2008

Visiting U.S. Under Secretary of State Dobriansky, who is attending the cabinet-level dialogue of the group of 20 countries on climate change, clean energy and sustainable development, which is now in session in Makuhari, Chiba Prefecture, on March 15 responded to an interview with the press, including the Yomiuri Shimbun. In the interview, Dobriansky revealed that the United States government is working on the Japanese government to set the stage for the U.S. government to host a final dialogue of the top leaders from major carbon dioxide emitters around the Group of Eight (G-8) Toyako Summit in July. America's aim is to put together ideas on climate change issues under its leadership by hosting the final dialogue of the top leaders and thereby to "prevent" European countries from taking the leadership in setting a trend.

When asked whether the U.S. is proposing hosting a summit of major emitters in Japan before the Toyako Summit, Dobriansky said: "We are discussing Japan on a plan to hold a summit of major emitters and issue a declaration in connection with the Toyako Summit."

The first meeting of major emitters joined by the European Union was held in Washington in last September. The second session took place in Hawaii at the end of this past January.

8) G-20 dialogue winds up with participants agreeing to continue discussion on Japan's proposal of sectoral CO2 reduction formula

YOMIURI (Page 2) (Excerpts)
March 17, 2008

The Group of 20 major greenhouse gas emitters (cabinet-level meeting on climate change, clean energy and sustainable development), held in Chiba City as the first step of a series of cabinet-level meetings to be held in the run-up to the Lake Toya G-8 in Hokkaido, yesterday ended with participants agreeing to continue discussion on Japan's proposal of a sectoral approach formula as a method of cutting greenhouse gas emissions to be adopted in a framework in 2013. Japan as the host nation will finalize the proposal and report it to the July Summit.

The sectoral approach is a method of high-emitting industrial sectors in the world, such as the steel or cement industries that are facing harsh international cooperation, cooperating each other in cutting greenhouse gas emissions. This is intended to complement the total reduction formula based on country-by-country goals. The G-20 was the first international conference to discuss climate change. Under the proposed approach, energy efficiency goals will also be set for developing countries to make efforts to cut greenhouse gas emissions, assisted with technology transfer and financial aid.

China and India, whose CO2 emissions are sharply increasing, opposed the proposal at the G-20 meeting. They expressed concern that Japan may be trying to urge developing countries to cut emissions, while

TOKYO 00000697 006 OF 011

steering clear of a commitment to set its own total emissions goal in the new framework. As such, Japan sought understanding from those countries, by stressing its plan to establish country-by-country total totals, making it a premise that industrialized countries bear heavier responsibility than developing countries.

9) Fierce Diet battle expected this week; Possibility of lower tax on gasoline moving closer to reality

YOMIURI (Page 4) (Excerpts)
March 16, 2008

The fierce maneuvering between the ruling and opposition camps is expected to intensify even further this week, as deliberations begin in the House of Councillors on tax-related bills, including one amending the Special Taxation Measures Law, which is aimed at maintaining the current provisional tax on gasoline and road-related taxes. The ruling parties intend to begin revising the taxation-related bills in a bid to put the Special Taxation Measures Law revision bill to a vote before the end of this fiscal year (March 31). The ruling coalition then will seek for an early convocation of deliberations on these bills. However, the main opposition Democratic Party of Japan (DPJ or Minshuto) has shown no intention to go along with the ruling camp's plan, there is a possibility that the provisional tax rates will expire on March 31 and that the gasoline tax rates will drop after April 1.

Ruling Liberal Democratic Party Diet Affairs Committee Chairman Seiji Suzuki and his DPJ counterpart Susumu Yanase will hold talks on this issue on March 17. They will discuss a timetable for deliberations at committees, excluding the Budget Committee, which is now deliberating on the fiscal 2008 state budget and budget-related bills. The financial and general affairs committees are expected to hold their directors meetings separately on the 17th.

10) Reappointment of Muto for BOJ governorship difficult; Government to submit new plan today

ASAHI (Top Play) (Full)
March 17, 2008

The government will submit a new proposal to the Diet today for a nomination for the post of Bank of Japan governor, following the House of Councillors' rejection of the government's initial plan to appoint BOJ Deputy Governor Toshiro Muto as new governor. The opposition bloc has decided that if the government resubmits Muto's name, it will reject him again. A number of lawmakers in the government and the ruling camp believe they will have to propose an alternative to Muto in order to avoid leaving the post vacant after the incumbent governor's term of office expires on March 19. Prime Minister Fukuda, though, still insists that the Muto plan is the best choice, indicating that if the government cannot confirm that the Democratic Party of Japan (DPJ) will approve a new nomination, it will resubmit the Muto plan. The prime minister intends to make a final judgment after ascertaining what response the DPJ will make.

On March 7, the government presented a plan to nominate Muto for the governorship and Kyoto University Professor Masaaki Shirakawa and Tokyo University Professor Takatoshi Ito for the two posts of deputy governor. But only Shirakawa was endorsed in both chambers of the Diet. Since the process for appointing Muto and Ito has returned to

TOKYO 00000697 007 OF 011

square one, the government called for a joint meeting of representatives from both Diet chambers on the 17th and has decided to present a new proposal there.

If the government resubmits the proposal for appointing Muto, the opposition camp will certainly reject it. In addition, because there is the principle that a bill on which a vote was once taken in the Diet cannot be discussed again in the same Diet session, there is no guarantee that the plan will be voted on in the Upper House. In this case, a vacancy will unavoidably be created. Meanwhile, if the government submits a new name and if the alternative is rejected, the government will inevitably receive a serious blow. Keeping that in mind, the prime minister is carefully considering the matter.

Appearing on a TV program yesterday, former Liberal Democratic Party Chief Cabinet Secretary Kaoru Yosano said: "It is reckless to resubmit a plan that was once rejected in the Upper House." In the New Komeito, as well, many members are calling for nominating a new candidate. In response, a senior DPJ officer indicated yesterday that the party would approve it if the government presents an alternative to Muto.

When the moderator on a TV program yesterday cited the names of

Asian Development Bank President Haruhiko Kuroda and Hiroshi Watanabe, an advisor to the Japan Center for International Finance, both former vice finance ministers for international affairs, as possible candidates, DPJ Secretary General Yukio Hatoyama replied: "A vice finance minister for international affairs is engaged in greater global matters. We do not mean that all former Finance Ministry officers are inappropriate."

A senior government official, though, stated: "Different members in the DPJ say different things, so we cannot easily sound out the party on a possible candidate."

11) Prime minister to resubmit today nomination of BOJ governor with eye on either Yamaguchi or Shirakawa

SANKEI (Page 3) (Excerpts)
March 17, 2008

Prime Minister Yasuo Fukuda will today resubmit nominees for Bank of Japan (BOJ) governor and deputy governors. It is unlikely that he will once again propose promoting Deputy Governor Toshiro Muto (64) to governor, a plan that was submitted before but failed to secure approval in the Upper House. It appears that the prime minister has undergone coordination with eye on former Deputy BOJ Governor Yutaka Yamaguchi (67) hailing from the BOJ and Kyoto University graduate school professor Masaaki Shirakawa (58), who has secured approval of both chambers of the Diet, as candidates for governor.

The prevailing view in the government and the ruling parties regarding the controversial BOJ management personnel selection is that it would be difficult to resubmit Muto as a candidate with former Chief Cabinet Secretary Kaoru Yosano of the Liberal Democratic Party (LDP) noting on an NHK TV talk show, "It would be reckless to once again propose the person who was rejected in the Upper House." The prime minister will also likely shelve the idea of resubmitting a proposal for picking Takatoshi Ito (57), a Tokyo University graduate school professor, who was also rejected by the Upper House, as a deputy governor.

TOKYO 00000697 008 OF 011

An official at the Prime Minister's Office (Kantei) yesterday telephoned the chairmen of the Diet Steering Committees of both chambers of the Diet and conveyed the government's plan to resubmit nominations of BOJ governor and deputy governors. Diet Policy Committee Chairman Tadamori Oshima of the LDP on the evening of the same day told his Democratic Party of Japan (DPJ or Minshuto) counterpart Kenji Yamaoka, "I would like to see you on the morning of the 17th for consultations."

Voices approving the promotion of Shirakawa to governor or the nomination of Haruhiko Kuroda (63), former Vice Finance Minister for International Financial Affairs, or Hiroshi Watanabe (53), an advisor to the Japan Center for International Finance, are growing strong in the DPJ.

12) LDP, New Komeito, DPJ members to resume security study group after three-year hiatus

YOMIURI (Page 4) (Full)
March 17, 2008

The outlook is that the "Forum of young legislators to build a security system for the new century," which is comprised of junior and mid-level Diet members from the ruling and opposition parties, will resume its activities for the first time in three years by holding a general meeting in April. The group plans to study a broad range of security policy issues, including looking into a permanent law to allow overseas dispatch of the Self-Defense Forces, the interpretation of the Constitution in regard to the use of right of collective self-defense, and the current Japan-U.S. security arrangements.

Gen Nakatani, chairman of the Liberal Democratic Party Security Research Commission, Seiji Maehara, vice president of the main opposition Democratic Party of Japan (DPJ or Minshuto), and Isamu

Ueda, a House of Representatives member of the New Komeito, the

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LDP's coalition partner, agreed on March 13 to resuming the group's activities. The study group will soon select new board members and hold a general meeting.

The group was established in November 2001, with the participation of 101 Diet members. It later came up with such proposals as emergency legislation and measures for Japan to secure maritime rights, but it suspended its activities in April 2005 after the members inspected the site of gas reserves in the East China Sea. At present a total of 82 members -- 56 from the LDP, 23 from the DPJ, and three from the New Komeito -- are in the group. The group intends to call on lawmakers, who are now their first-term in the Diet, to join. The membership will likely exceed 100.

Some politicians think that the resumption of the group's activities may lead to a move to political reorganization. A group member, however, said: "We will continue our activities while drawing a line with the political situation."

13) MOD launches EIA of relocation site for Futenma airfield

YOMIURI (Page 2) (Full)
March 16, 2008

The Ministry of Defense (MOD) on March 15 launched an environment impact assessment (EIM) of a coastal area on Camp Schwab (in Nago

TOKYO 00000697 009 OF 011

City, Okinawa), a planned relocation site for the United States Marine Corps Air Station Futenma in Ginowan City, Okinawa. The EIM was initially planned to be conducted in last May, but it was delayed because of flaws pointed out by the prefectural government in a manual (prepared by the central government) that mentioned the items and methods for surveys.

According to MOD, it will survey over one year how coral and algae live in the area, complete the procedures for the EIM by the end of fiscal 2009, and start the reclamation work.

On March 15, MOD conducted a weather survey, such as the direction of wind and the velocity of wind, in Camp Schwab and the coastal area, and measured the amount of sodium contained in air. MOD plans to apply early next week for permission on collection of coral.

14) GSDF drill using U.S. military's facility to be conducted today

NIKKEI (Page 2) (Full)
March 17, 2008

The Ground Self-Defense Force (GSDF) will conduct a two-day drill using the U.S. military's Camp Hansen in the town of Kin, Okinawa Prefecture, starting today. The drill is based on the final report on the realignment of the U.S. forces in Japan, which Tokyo and Washington agreed on in May 2006. This is the first time for the GSDF to carry out a drill using U.S. military's facilities in Okinawa. A company attached to the First Regiment, consisting of about 150 personnel, will take part. The drill will include billeting, rappelling and mock urban warfare. There is no plan for using live ammunition or explosions.

15) Taxi robbed by three black men; Okinawa police ask for U.S. military's cooperation in investigation

MAINICHI (Page 30) (Full)
March 17, 2008

Around 0:20 a.m. March 16, a 55-year-old male taxi driver was ordered by three black men to stop the car on a road in Okinawa City, and he was hit by one of them in the head as he climbed out of the car. Falling down, the driver suffered minor injuries to his right knee and right wrist. The change box (containing approximately 8,000 yen) beside the driver's seat was allegedly stolen. Okinawa police have asked for the U.S. military's cooperation in

investigating the robbery and injury case, suspecting that the three men could be connected with the U.S. military.

According to investigators, the crime took place about 150 meters east of Kadena Air Base Gate No. 2.

16) With defect again found in C-X, MOD mulling fining Kawasaki Heavy Industries for possible delay in delivery

TOKYO SHIMBUN (Page 1) (Full)
March 16, 2008

Even now it remains uncertain when the next generation cargo aircraft (C-X), which Kawasaki Heavy Industries, based on a contract with the Ministry of Defense (MOD), is developing, will be delivered to MOD because a defect in the C-X was again discovered, sources revealed on March 15. The defect is that the C-X's fuselage has yet

TOKYO 00000697 010 OF 011

to meet the strength criteria. MOD intends to put in a claim for a penalty for a possible delay of the delivery after the end of March, the planned delivery date.

The first flight of the C-X has already been put off twice but it is likely to be further delayed until August. Because of the delay in the development of the C-X, the Air Self-Defense Force (ASDF) has already foregone a plan to mass-produce the C-X in fiscal 2008, but the C-X is unlikely to be mass-produced even in fiscal 2009.

The defect is the lack of strength of the fuselage frame that bears the main-landing gear. It was found in a static strength test conducted on the ground. Reportedly, there is the possibility that the fuselage would break up in flight and lead to a crash.

Mitsubishi Heavy Industries, a subcontractor in charge of manufacturing the midsection of the fuselage, has now been engaged in redesigning and repairing the fuselage.

The C-X is a successor to the current C-1 transport aircraft. Kawasaki has contracted to simultaneously develop the C-X as well as a next generation patrol aircraft (P-X). In February 2007, a lack of strength was found in rivets used for manufacturing. This forced Kawasaki to delay a rollout from March to July.

Another instance of a lack of strength in the main landing gear was found, and the first flight plan was delayed from last September to December, but this first flight has yet to occur.

The P-X made its first flight in September as scheduled.

The C-X's fuselage's curvilinear design, whose strength calculation is difficult, might have been the problem. If the development of the C-X were to be further delayed, MOD would find it necessary to continue to use the current C-1 transport aircraft by repairing it.

17) New parliamentary group of 60 members to be formed under auspices of Ichiro Ozawa

YOMIURI (Page 4) (Full)
March 16, 2008

It was learned on March 15 that a new parliamentary league of Diet members, who once served as local assembly members and the head of municipalities, would be established this week in the largest opposition Democratic Party of Japan (DPJ or Minshuto). It is believed that the parliamentary group will be inaugurated at the auspices of DPJ President Ichiro Ozawa. The group will become the largest force in the DPJ with the membership of about 60. The purpose of this parliamentary league is to play up that its local assembly members turned to DPJ Diet members support the idea of integrating the special account of road-related taxes into the general account by abolishing the provisional tax rates prior to a fierce battle occurring between the ruling and opposition camps over an extension of the provisional tax rates for gasoline and highway construction.

The name of the parliamentary league is the DPJ Association of Decentralization. Its parent body is the Group of Administrative Democrats, chaired by Lower House member Tetsundo Iwakuni, which was established in February by four former heads of municipalities. The organizers are five Lower House members: Katsumasa Suzuki, Akio

TOKYO 00000697 011 OF 011

Fukuda, Seiji Osaka, Tenzo Okuno and Iwakuni. They will formally call on party members to participate in them as early as March 17.

The National Governors' Association has called for retaining the provisional tax rates. The number of prefectural assemblies, which have adopted a resolution calling for the current system, has gradually increased across the nation. The DPJ's parliamentary league criticizes such a move, arguing that governors and mayors were forced to take part in such a move that is against democracy and decentralization. One organizer said: "We want to secure support in regional areas by playing up the propriety of our party's policy."

However, a mid-level DPJ Lower House member said: "The establishment of the parliamentary league is part of efforts to strengthen Ozawa's political footing in the party." Since 47 DPJ members, including Yoshiko Noda, former Diet affairs committee chairman, and former President Seiji Maehara, joined the nonpartisan parliamentary league Sentaku, which cooperates with former Mie Gov. Masayasu Kitagawa and others, peoples close to Ozawa were concerned about the move that Noda and Maehara might take the initiative.

SCHIEFFER